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SECRET

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Central Intelligence Bulletin

CONTENTS

South Vietnam: Situation report. (Page 1)

Laos: Enemy military pressure in the south is beginning to rattle government leaders. (Page 5)

Czechoslovakia: The party central committee began a plenary session yesterday under conservative and Soviet pressure. (Page 6)

Israel-Jordan: There have been new shooting incidents in the border area. (Page 8)

Panama: Students are taking a more militant stand against the government. (Page 9)

Australia: Defense policy (Page 10)

South Korea: Military budget (Page 10)

Somali Republic: Uranium exploration (Page 10)

SECRET

[South Vietnam: Enemy forces continue to give every appearance of completing preparations for a new round of fighting although ground action was limited to widely scattered skirmishes on 11-12 December.

Indicators similar to those noted in the past few days, including troop deployments, prisoners, and captured documents, all point to action focused on the provinces surrounding Saigon. Two prisoners from the 165th Regiment of the 7th Division were captured near Ben Cat, suggesting that this unit has moved out of its border sanctuary and has joined the enemy concentration presently assembling in War Zone "D".

Indications of impending enemy activity in other sectors of South Vietnam, including the Demilitarized Zone and the capital of Quang Nam Province, continue to be received.

In the face of these signs of renewed Communist aggressiveness, the Saigon government has initiated a crash program to replace civilian ward officials with military officers and to put new combat units at the disposal of these local commanders. The program is presently being pushed in the wards on the outer edges of the city where the Communist threat appears most imminent.

President Thieu ordered the changeover to military control partly to counter increased Communist efforts to penetrate Saigon's local administrative structure. The Communists are having increased success in their subversion efforts and have also stepped up their proselytizing efforts in propaganda. On 12 December, Liberation Radio called on soldiers, policemen, and government workers to stage mutinies, conduct uprisings, or desert government ranks.

Desertions from the Vietnamese regular forces are on the rise, although not necessarily in response to Communist appeals. Desertions hit a two-year high in September. Combat units, moreover, are **]**

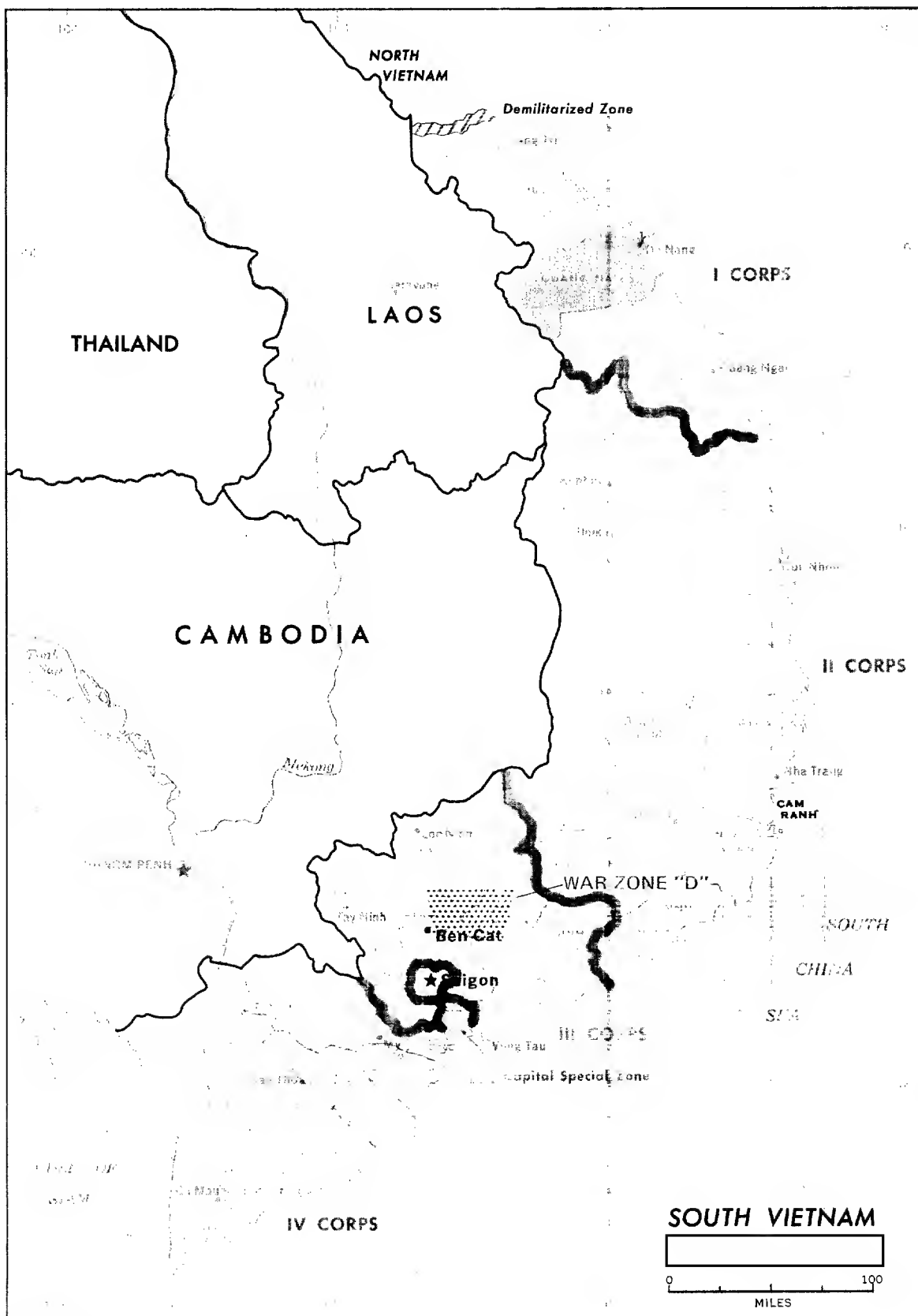
13 Dec 68

Central Intelligence Bulletin

1

SECRET

SECRET



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25X1

SECRET

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being affected at a rate considerably higher than other units. According to recently compiled statistics, if the present trend continues among combat units, they will have lost about one third of their personnel during the year ending March 1969.

With the attrition rate going up as a result of the growing desertion problem, and with a decline in the number of new recruits available, the government may soon encounter difficulty in maintaining its regular forces at about 428,000 men. (Map) **J**

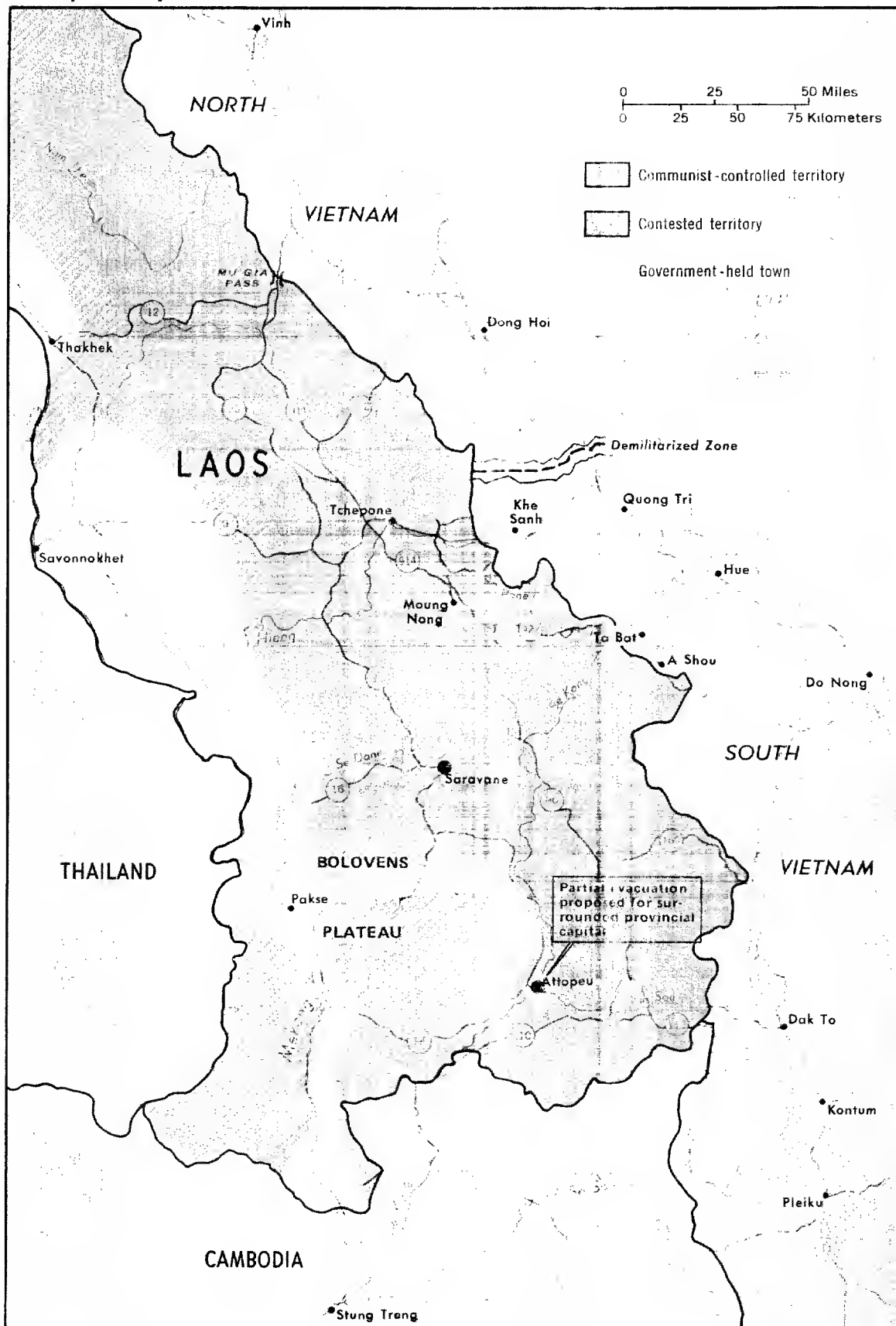
25X1

13 Dec 68

Central Intelligence Bulletin

3

SECRET



23162 12-68 CIA

SECRET

Laos: Enemy military pressure in the south is beginning to rattle government leaders in Vientiane.

Prime Minister Souvanna told a cabinet meeting on 11 December that Pathet Lao and North Vietnamese troops had surrounded the provincial capital of Attapeu, southeast of the Bolovens Plateau, and that the situation there was "very serious." Acknowledging that the enemy has been able to shell both the town and the airstrip through which it is supplied, Souvanna agreed that it might be prudent to evacuate women and children and others who cannot assist in Attapeu's defense.

In authorizing the evacuation, Souvanna apparently is going halfway to meet the advice of military region commander General Phasouk, who has been urging Vientiane to abandon Attapeu since last year when the Communists surrounded it. At that time both Souvanna and King Savang refused to give up Attapeu and the provincial capital of Saravane, north of the Bolovens Plateau, which had also come under virtual enemy siege.

There is no indication that Souvanna now is ready to abandon the towns, but the psychological impact of the impending evacuation may further weaken the resolve of the two battalions defending Attapeu.

The tactical situation around the two capitals has not changed appreciably in recent weeks, although there are recurring reports from villagers that the enemy is moving up reinforcements. A recent North Vietnamese prisoner claims that Communist troops were told that an effort might be made against Attapeu in the near future. His statements probably contributed heavily to current Lao apprehensions. [REDACTED]

[REDACTED] (Map)

25X1

25X1

13 Dec 68

Central Intelligence Bulletin

5

SECRET

Czechoslovakia: The party central committee began another plenary session yesterday faced with hardline domestic criticism of the Dubcek leadership and another Soviet demand that the party increase the authority of "reliable" elements.

Lubomir Strougal, who was elected to four important party posts in November and is clearly a Soviet-favored rival to Dubcek, told a television audience on 11 December that a lack of consistency by the post-January party leaders had "released trends" which were "spontaneous and destructive beyond bounds." He also criticized the party leaders for succumbing to pressures, particularly from the information media, which led them to underrate theoretical work, to make unrealistic assumptions, and to attempt too hastily to solve problems.

Strougal, in commenting on the recent meeting in Kiev of Czechoslovak and Soviet leaders, said that the Warsaw Pact leaders will meet "in the very near future," and that a CEMA meeting will take place probably at the beginning of 1969. He also confirmed that the Czechoslovaks will continue to consult with the Soviet leaders at meetings similar to those which took place in Kiev.

The general tone of his speech suggests that Strougal was setting the stage for further criticisms of the Dubcek regime by conservatives and was laying the groundwork for his own advancement.

Pravda weighed in, as the plenum opened, with an editorial reminding the Czechoslovaks that "party and state bodies" must be strengthened "with reliable cadres who are loyal to the ideas of Marxism-Leninism." The same demand was made before the November plenum, and it probably came up in the talks in Kiev last weekend.

The plenum is to consider economic policies and problems, the new Czech-Slovak federation, and

13 Dec 68

Central Intelligence Bulletin

6

SECRET

~~SECRET~~

personnel changes. Discussion of the latter will probably concentrate on governmental changes which will result from the establishment of the federal state, but some changes in the party may also result.

Thus far, only excerpts of one speech, that of Premier Cernik, have been published, and Prague Radio reported that only authorized summaries will be published after the plenum ends. The party's relative reticence probably results from apprehension that the public will find the central committee's decisions unacceptable. It may also derive from Soviet and party conservative pressures to operate in a more closemouthed fashion.

25X1

13 Dec 68

Central Intelligence Bulletin

7

~~SECRET~~

SECRET

Israel-Jordan: After a week's lull, a new round of incidents has begun on the Israeli-Jordanian border.

There were two minor shooting incidents in the north on 11 December. Jordanian Army spokesmen claim that four Israeli jets struck at the border area after another exchange yesterday. Israeli spokesmen acknowledged the incident, but made no mention of their use of aircraft.

The Israelis now have apparently adopted a policy of quick and strong responses to attacks emanating from east Jordan. They may seize on new incidents to strike again at Iraqi forces in northern Jordan--whose presence seems particularly to annoy them. If the incidents increase or result in a number of Israeli casualties, Israel may decide to move in force across the river and strike at the east Jordan heights.

25X1

13 Dec 68

Central Intelligence Bulletin

8

SECRET

SECRET

[Panama: Students are taking a more militant stand against the government.

Approximately 100 youths entered the Canal Zone yesterday, apparently fleeing National Guard troops that had used force to break up an antigovernment protest march organized by the Communists. The students departed peacefully, and there appeared to be no indication of overt anti-US sentiment. Another small demonstration took place in Colon but the students there were rapidly dispersed.

25X1

[redacted] the Communist-led student federation has abandoned its earlier policy of urging the students not to oppose the military-controlled government.

Student unrest has been fairly low-key since the coup on 11 October, and probably would become serious only if the students continued to violate the ban against antigovernment demonstrations. It appears unlikely that student opposition will be directed against the Canal Zone unless the US-trained guard uses severe repressive measures to contain any future disorders. [redacted]

25X1

SECRET

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Australia: The government apparently has made a basic decision to maintain Australian forces in the Malaysia-Singapore area after the British withdrawal in 1971. Prime Minister Gorton told the press on 11 December that the armed forces could now proceed with plans for post-1971 materiel requirements to meet this commitment. Gorton, who earlier had advocated a vague "fortress Australia" defense concept, apparently has reached an accommodation with his defense and external affairs ministers who have consistently favored maintaining an Australian presence in Malaysia and Singapore. The prime minister will make a major defense policy statement to parliament when it reconvenes in February. [REDACTED]

25X1

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South Korea: The Assembly has approved a \$3.6 million increase in the national budget to deal with the deep penetration of armed agent teams from North Korea. The additional funds are primarily earmarked for improving the effectiveness of the homeland reserve forces, which have been playing a major role in the roundup of the estimated 90 to 120 armed agents who infiltrated South Korea's east coast more than a month ago. The measure won strong bipartisan support in the legislature despite the opposition's otherwise generally negative attitude toward the regime. [REDACTED]

25X1

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Somali Republic: The Somali Government recently signed an agreement with the Italian state-owned company, ENI, and a US firm, Western Nuclear, for uranium exploration in the Somali Republic. The Somali Council of Ministers is expected to approve the agreement shortly. On the basis of preliminary exploration earlier this year, a survey team from the United Nations Development Program estimated uranium ore reserves at around one million tons. Successful exploitation of uranium would give Somalia's limited economy a significant boost. [REDACTED]

25X1

13 Dec 68

Central Intelligence Bulletin

10

SECRET

Secret

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